MANITOBA BROILER HATCHING EGG COMMISSION

FOURTH ANNUAL REPORT

FISCAL YEAR ENDING DECEMBER 31, 1988

92-01326/

THE MANITOBA BROILER HATCHING EGG COMMISSION

201 - 666 St. James Street
Winnipeg, Manitoba
R3G 3J6

May 23, 1989

Manitoba Natural Products
Marketing Council
901-401 York Avenue
Winnipeg, Mb.
R3C 0P8

Attention: Mr. G. H. MacKenzie, Secretary

Dear Mr. MacKenzie:

Pursuant to Section 9 (5) of The Manitoba Broiler Hatching Egg Marketing Plan, we are pleased to present the Fourth Annual Report of the Manitoba Broiler Hatching Egg Commission.

Respectfully submitted

THE MANITOBA BROILER HATCHING EGG COMMISSION

Russell W. Scott
Chairman/General Manager

RWS/md

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INTRODUCTION

As in prior years, we take this opportunity to present a brief summary of the activities which occupied the time of Members and staff of The Manitoba Broiler Hatching Egg Commission during the fiscal year ending December 31, 1988.

The 1988 year was one of increased activity at the office level including such things as the move to larger premises; the computer installation and associated educational period which is on going; provincial and federal elections; the effect of heat on production levels and of drought on feed prices which necessitated a producer price increase and last but most certainly not least, GATT and Free Trade negotiations throughout the year. Many of the above mentioned items are explained further in this report.

COMMISSION MEMBERS

Mr. W. Doerksen, having been elected as a Member of the Manitoba Chicken Broiler Producers' Marketing Board, advised the Manitoba Natural Products Marketing Council of his resignation as a Member of this Commission effective March 3, 1988.

In the same letter, Mr. Doerksen advised that the Executive Committee of the Manitoba Broiler Hatching Egg Producers' Association would recommend that Mr. John Suderman be considered for appointment as a Commission Member.

Mr. Suderman was appointed by Order In Council No. 603, effective July 1, 1988, as a Member of the Manitoba Broiler Hatching Egg Commission.

Russell W. Scott	Winnipeg	Chairman
Ron Drohomereski	Teulon	Vice-Chairman
Blair McLaughlin	Neepawa	Member
John Suderman	Steinbach	Member
Frank Taylor	Winnipeg	Member

PREMISES - EQUIPMENT

As reported last year, authorization to arrange a lease for larger office premises was given to the Chairman. Accordingly, arrangements were concluded and the move to Suite 201 was made effective February 1, 1988.

A Compaq Deskpro 286 computer was installed in the office during May, 1988. While initially progress was slow, as time goes by increasing utilization of the capabilities of the machine is being achieved.

MEETINGS

Eleven regular meetings of the Commission were convened during the year.

REGISTRATIONS

Registrations at December 31, 1988 were as follows:

Producers				38
Hatcheries	Regular	6	Seasonal	3

During the early months of 1988 one production unit was dispersed among 3 family members. This created 2 additional registrants without adding to the total quota allocation. In addition, two new applications for registration were approved. These applications were in progress during the previous year.

QUOTA ALLOCATION

December 31, 1988 quota allocation was as follows:

Basic Quota	150,061 Laying Hens
Broiler Breeder Laying Hen Quota	141,049 Laying Hens

PULLET CHICKS PLACED FOR BROILER SUPPLY FLOCKS

MANITOBA 1988/87

Date	No.Chicks Placed	Y.T.D./88		Y.T.D./87	Variance 88/87
JAN 16	4,000	4,000		4,000	0
23	0	4,000		4,000	0
30	0	4,000		4,000	0
FEB 06	0	4,000		4,000	0
13	0	4,000		13,000	(9,000)
20	15,000	19,000		17,000	2,000
27	0	19,000		22,000	(3,000)
MAR 05	0	19,000		25,000	(6,000)
12	0	19,000		32,000	(13,000)
19	12,000	31,000		32,000	(1,000)
26	0	31,000		32,000	(1,000)
APR 02	0	31,000		37,000	(6,000)
09	0	31,000		37,000	(6,000)
16	3,000	34,000		40 000	(6,000)
23	0	34,000		44,000	(10,000)
30	8,000	42,000		44,000	(2,000)
MAY 07	3,000	45,000		44,000	1,000
14	0	45,000		59,000	(14,000)
21	25,000	70,000		60,000	10,000
28	0	70,000		60,000	10,000
JUN 04	3,000	73,000		60,000	13,000
11	0	73,000		63,000	10,000
18	0	73,000		63,000	10,000
25	0	73,000		63,000	10,000
JUL 02	0	73,000		76,000	(3,000)
09	3,000	76,000		79,000	(3,000)
16	4,000	83,000	*	86,000	(3,000)
23	0	83,000		86,000	(3,000)
30	0	83,000		86,000	(3,000)
AUG 06	0	83,000		86,000	(3,000)
13	0	83,000		86,000	(3,000)
20	0	83,000		108,000	(25,000)
27	13,000	95,000	*	111,000	(16,000)
SEP 03	5,000	100,000		111,000	(11,000)
10	3,000	103,000		115,000	(12,000)
17	0	103,000		115,000	(12,000)
24	4,000	108,000	*	115,000	(7,000)
OCT 01	0	108,000		115,000	(7,000)
08	3,000	111,000		115,000	(4,000)
15	4,000	115,000		122,000	(7,000)
22	3,000	118,000		122,000	(4,000)
29	0	118,000		122,000	(4,000)
NOV 05	0	118,000		122,000	(4,000)
12	0	118,000		122,000	(4,000)
19	0	118,000		128,000	(10,000)
26	7,000	125,000		133,000	(8,000)
DEC 03	0	133,000	*	138,000	(5,000)
10	10,000	142,000	*	138,000	4,000
17	0	142,000		138,000	4,000
24	5,000	148,000	*	141,000	7,000

Source: Poultry Market Report ***Revised**

BROILER HATCHING EGG PRICES

Broiler hatching egg producers production costs escalated substantially during the 1988 year. Most significant was the drought related increase in the cost of feed during the months of June and July, with more modest increases continuing throughout the balance of the year.

In an attempt to partially offset the increase in costs of production, Manitoba Regulation 285/88, increasing the price paid to producers in the amount of 3 cents per saleable chick in all categories was approved by the Commission to become effective on August 8, 1988. This Regulation is reproduced on page 6 of this report.

A printout showing price fluctuations for starter, grower and breeder rations during the period January 29th through December 30, 1988, as provided by the Canadian Livestock Feed Board appears on page 7 of this report. Please note that the quotes are average prices for Manitoba, F.O.B. mill door, bulk per tonne. The same information is illustrated in graphic form on page 8.

THE NATURAL PRODUCTS MARKETING ACT
(C.C.S.M. c. N20)

Broiler Hatching Egg Price Order No. 1, 1988*

Regulation 285/88
Filed August 5, 1988

Definition
1 In this regulation,

"saleable chick" means a chick hatched from a broiler hatching egg which is suitable for sale by a hatchery operator for chicken production.

Minimum Price
2 Subject to section 3 hereof, the minimum price at which a broiler hatching egg produced within the province may be sold by any broiler hatching egg producer to a hatchery operator, until further order of the Commission, is hereby fixed as follows:

(a) for a broiler hatching egg forming part of a shipment of broiler hatching eggs which, upon incubation by the hatchery operator, hatch at a rate of 80% or more - 31¢ per saleable chick,

(b) for a broiler hatching egg forming part of a shipment of broiler hatching eggs which, upon incubation by the hatchery operator, hatch at a rate of 75% or more but less than 80% - 30.5¢ per saleable chick,

(c) for a broiler hatching egg forming part of a shipment of broiler hatching eggs which, upon incubation by the hatchery operator, hatch at a rate of 70% or more but less than 75% - 30¢ per saleable chick,

(d) for a broiler hatching egg forming part of a shipment of broiler hatching eggs which, upon incubation by the hatchery operator, hatch at a rate below 70% - 29.5¢ per saleable chick.

Delivery adjustment to price
3(1) In the event a broiler hatching egg producer delivers broiler hatching eggs to the hatchery operator, the hatchery operator shall pay to such producer, in addition to the amount calculated pursuant to section 2 hereof, the sum of .167¢ per broiler hatching egg so delivered to the hatchery operator.

3(2) In the event a hatchery operator picks up broiler hatching eggs from the facility of a broiler hatching egg producer, the hatchery operator may deduct from the amount payable to such producer for such eggs a sum not to exceed .167¢ per broiler hatching egg so picked up by the hatchery operator.

Higher prices permitted
4 This order does not prevent a broiler hatching egg producer from selling, or a hatchery operator from purchasing, broiler hatching eggs at a price in excess of the minimum price determined pursuant to this order.

Repeal
5 Manitoba Regulation 176/86 and 188/86 are repealed.

Coming into force
6 This order comes into force on August 8, 1988 or on the date it is filed with the Registrar of Regulations, whichever shall be the later.

August 2, 1988

THE MANITOBA BROILER HATCHING
EGG COMMISSION:

Russell Scott
Chairman

Ron Drohomereski
Vice-Chairman

* This order is made under The Manitoba Broiler Hatching Egg Marketing Plan Regulation, Manitoba Regulation 240/87 R.

The Queen's Printer for the Province of Manitoba

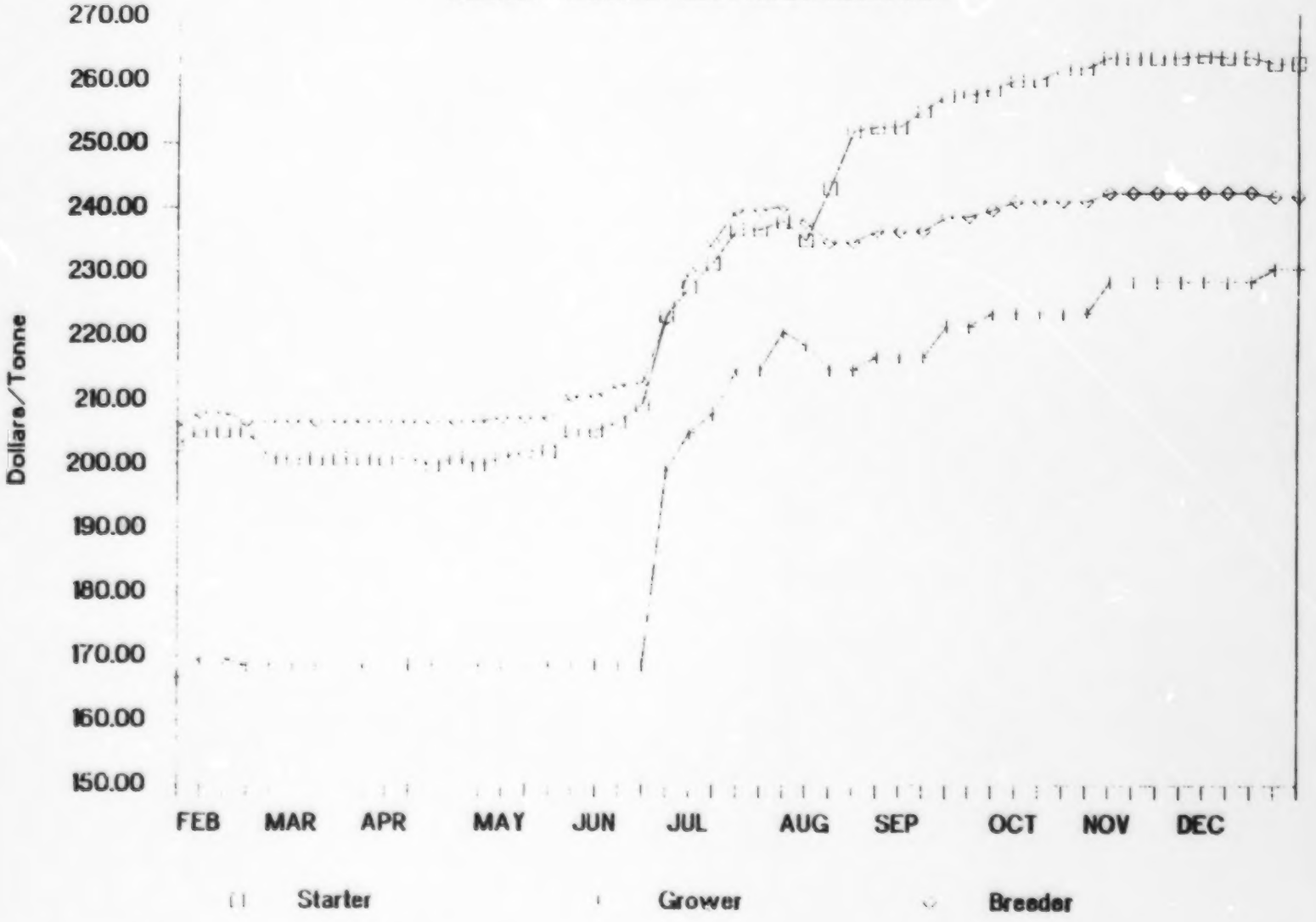
WEEKLY AVERAGE FEED PRICES-MANITOBA 1988
(F.O.B. Mill Door,Bulk/Tonne)

W/E	Starter (17.18%)	Grower (14.15%)	Breeder (16.18%)
JAN 29	$202.91	$166.60	$205.66
FEB 5	$205.12	$169.54	$207.97
12	$205.12	$169.54	$207.97
19	$205.12	$168.56	$206.67
26	$200.87	$168.56	$206.67
MAR 4	$200.87	$168.56	$206.67
11	$200.87	$168.56	$206.67
18	$200.87	$168.56	$206.67
25	$200.87	$168.56	$206.67
APR 1	$200.87	$168.56	$206.67
8	$200.87	$168.56	$206.67
15	$199.89	$168.56	$206.67
22	$200.96	$168.56	$206.67
29	$199.89	$168.56	$206.67
MAY 6	$200.96	$168.56	$207.33
13	$201.96	$168.56	$207.33
20	$201.96	$168.56	$207.33
27	$205.29	$168.56	$210.67
JUN 3	$205.29	$168.56	$210.67
10	$206.63	$168.56	$212.27
17	$209.29	$168.56	$212.67
24	$223.01	$198.94	$222.72
JUL 1	$227.61	$204.82	$230.00
8	$231.25	$207.76	$234.63
15	$236.55	$214.62	$239.58
22	$236.55	$214.62	$239.58
29	$237.85	$220.50	$240.23
AUG 5	$234.90	$218.54	$237.61
12	$243.06	$214.62	$234.64
19	$251.86	$214.62	$234.64
26	$252.51	$216.58	$236.30
SEP 2	$252.51	$216.58	$236.30
9	$255.13	$216.58	$236.30
16	$257.44	$221.48	$238.61
23	$257.44	$221.48	$238.61
30	$258.42	$223.44	$239.59
OCT 7	$259.75	$223.44	$240.93
17	$259.75	$223.44	$240.93
21	$261.71	$223.44	$240.93
28	$261.71	$223.44	$240.93
NOV 4	$263.35	$228.34	$242.23
11	$263.35	$228.34	$242.23
18	$263.35	$228.34	$242.23
25	$263.35	$228.34	$242.23
DEC 2	$263.65	$228.34	$242.23
9	$263.35	$228.34	$242.23
16	$263.35	$228.34	$242.23
23	$262.37	$230.30	$241.58
30	$262.37	$230.30	$241.58

Source: Livestock Feed Board Of Canada

LIVESTOCK FEED BOARD OF CANADA

WEEKLY AVERAGE FEED PRICES: MANITOBA



AMENDMENTS TO REGULATIONS

As a consequence of the change in the address of the Commission early in the year, regulations which contained the address of the Commission were required to be amended to reflect this change.

The amendments accomodating the change of address are as follows:

Regulation 143/88 amending Regulation 74/86

Regulation 144/88 amending Regulation 290/87

Regulation 192/88 amending Regulation 263/87

Canadian Broiler Hatching Egg Marketing Agency Levies Regulation Amendment - Regulation 274/88

This Amendment had the effect of increasing the levy assessed on behalf of the Agency against producers to the level of .1528 cents per broiler hatching egg marketed and is reproduced on page 10 of this report.

THE NATURAL PRODUCTS MARKETING ACT
(C.C.S.M. c. N20)

Canadian Broiler Hatching Egg Marketing Agency Levies Regulation, amendment*

Regulation 274/88
Filed July 28, 1988

Section 2 amended
1 Section 2 of Manitoba Regulation 263/87 is repealed and the following substituting therefor:

A levy is hereby imposed on each producer of 0.1528 cents per broiler hatching eggs marketed by him or her locally within Manitoba.

Manitoba Regulation 192/88 repealed
2 Manitoba Regulation 192/88 is repealed.

Coming into force
3 This regulation comes into force on August 1, 1988.

July 14, 1988

CANADIAN BROILER HATCHING EGG
MARKETING AGENCY:

Ron Drohomereski
Chairman

J.A.F. LeVasseur
Manager

APPROVED

July 25, 1988

THE MANITOBA BROILER HATCHING
EGG COMMISSION:

Russell Scott,
Chairman

Ron Drohomereski
Vice-Chairman

* This regulation is made under the Canadian Broiler Hatching Egg Marketing Agency Delegation Regulation, Manitoba Regulation 230/87, and is Regulation 1/88 of the Agency.

The Queen's Printer for the Province of Manitoba

LIQUIDATED DAMAGES ASSESSMENT

During the 1988 year a resolution respecting the determination of liquidated damages was adopted by the Canadian Broiler Hatching Egg Marketing Agency.

The effect of this resolution is that the commodity boards of the Signatory provinces (in this case The Manitoba Broiler Hatching Egg Commission) are liable to pay the Agency as liquidated damages, 17.5 cents for each broiler hatching egg that is produced in the province and marketed anywhere in Canada in excess of the quantity allotted by the Agency in that year to the province. For the year 1988, a sleeve of 2% in excess of the allotted quantity is allowed and for 1989 and subsequent years a 1% sleeve is to be allowed.

The resolution also requires that a security document of a type satisfactory to the Agency be provided to the Agency by the commodity board of each signatory province. The surety required to be provided by Manitoba is approximately 40,000 dollars.

BROILER HATCHING EGG QUOTA ORDER

In order to allocate to each producer an equitable share of the total provincial egg allotment it is necessary to develop a "rate of lay" based on the previous performance of each production unit which when multiplied by the allotted broiler breeder laying hen quota will generate a broiler hatching egg quota which is representative of both the laying hen quota allotted to him and his production performance. Drafting of an appropriate Broiler Hatching Egg Quota Order is in progress.

BROILER HATCHING EGG PENALTY LEVIES REGULATION

Persons who market broiler hatching eggs in excess of their allotted annual quota or who market broiler hatching eggs without having had a quota allotted to them will be penalized.

A Broiler Hatching Egg Penalty Levies Regulation which stipulates the amounts to be levied for excess or unauthorized production will be passed by the Commission to complement the above mentioned quota order.

BROILER HATCHING EGG AND CHICK MOVEMENT

Manitoba

Table 1

Imports/Exports/Net Trade Of Hatching Eggs And Chicks

	Imports		Exports		Net Trade Position Surplus (Deficit)	
	Eggs	Chicks	Eggs	Chicks	Eggs	Chicks
1984	6,554,000	17,000	0	0	(6,554,000)	(17,000)
1985	5,273,000	28,000	0	0	(5,273,000)	(28,000)
1986	5,916,000	0	0	0	(5,916,000)	0
1987	5,773,000	0	0	0	(5,773,000)	0
1988	5,404,680	0	0	0	(5,404,680)	0

Table 2

Interprovincial Movement To/From Manitoba

	Eggs		Chicks		Net Flow	
	To	From	To	From	Eggs	Chicks
1984	425,010	179,835	191,997	502,767	(145,175)	310,770
1985	1,082,333	304,515	333,231	490,629	(778,818)	157,398
1986	606,951	1,314,955	340,363	643,295	798,004	302,932
1987	1,499,101	714,587	376,864	417,156	(788,514)	40,292
1988	760,510	583,464	287,072	553,288	(177,046)	266,216

Table 3

	Total Eggs Set	Overall Net Trade Position		% Net Trade Of Total Eggs Set
		Eggs	Chicks	
1984	21,275,000	(6,708,175)	293,770	31.5
1985	21,275,000	(6,751,808)	129,298	27.9
1986	21,663,000	(5,207,996)	302,932	22.9
1987	24,491,000	(6,557,514)	40,292	26.8
1988	23,792,020	(5,581,726)	266,216	23.5

Source : Agriculture Canada

HATCHABILITY OF EGGS SET IN REGISTERED HATCHERIES

CHICKEN BROILER STOCK

	1985	1986	1987	1988
B.C.	81.7	81.9	82.0	80.8
Alta.	77.4	76.2	77.1	75.2
Sask.	77.8	76.2	74.9	76.2
Man.	76.4	75.3	76.1	75.8
Ont.	78.4	77.7	77.2	77.1
Que.	80.7	80.0	79.8	79.2
Atl.Prov.	78.4	77.9	78.3	75.1
CANADA	79.2	78.5	78.4	77.8

Source: "Hatchery Review" -Agriculture Canada

MAY & EILER
CHARTERED ACCOUNTANTS
50 GLEN AVENUE
WINNIPEG, MANITOBA
R2M 1V5

W. C. MAY, C.A.
L. K. EILER, B.A., C.A.

AUDITOR'S REPORT

TO THE MEMBERS OF THE COMMISSION:

We have examined the balance sheet of The Manitoba Broiler Hatching Egg Commission as at December 31, 1988 and the statements of operations and retained income and changes in cash position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances, except as explained in the following paragraph.

The nature of administrative fees and the structure of the collection system prevents verification that all fees due to the Commission were reported. Our verification of fee income was limited to accounting for amounts reported by the registered hatcheries to the Commission.

In our opinion, except for the effects of any adjustments which might have been required had we been able to verify administrative fee income beyond that recorded in the accounts, these financial statements present fairly the financial position of the Commission as at December 31, 1988 and the results of its operations and the changes in its cash position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

May + Eiler

Winnipeg, Manitoba
January 18, 1989

Chartered Accountants

THE MANITOBA BROILER HATCHING EGG COMMISSION
BALANCE SHEET
FOR THE YEAR ENDED DECEMBER 31, 1988
(with 1987 figures for comparison)

	1988	1987
ASSETS		
CURRENT ASSETS:		
Cash	$ 9,654	$ 19,014
Accounts receivable	7,043	4,358
Prepaid expenses	-	488
Total current assets	16,697	23,860
OFFICE FURNITURE AND EQUIPMENT - at cost (Note 2)	17,232	9,283
Less accumulated depreciation	4,564	2,391
Net office furniture and equipment	12,668	6,892
OTHER ASSETS:		
Deferred capital lease interest and security deposits	4,000	1,498
TOTAL	$ 33,365	$ 32,250
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	$ 6,375	$ 12,138
Capital lease payments due in 1989	3,282	-
Total current liabilities	9,657	12,138
NON-CURRENT LIABILITY:		
Capital lease obligation (Note 4)	8,397	-
Less current portion	3,282	-
	5,115	-
EQUITY		
RETAINED INCOME	18,593	20,112
TOTAL	$ 33,365	$ 32,250

Approved by the Members:

Member Member

THE MANITOBA BROILER HATCHING EGG COMMISSION
STATEMENT OF OPERATIONS AND RETAINED INCOME
FOR THE YEAR ENDED DECEMBER 31, 1988
(with 1987 figures for comparison)

	1988	1987
INCOME:		
Administrative fees from producers and hatcheries under provincial regulation	$ 78,468	$ 80,413
	78,468	80,413
EXPENSE:		
Depreciation	2,173	812
Equipment operation	1,793	379
Insurance	860	570
Interest and bank charges	778	127
Lease of office space	8,566	5,856
Legal and audit fees	11,164	22,814
Members' per diems and travel expenses (Note 3)	37,789	35,511
Memberships in other organizations	1,000	2,400
Office supplies	1,999	1,052
Postage and courier	514	386
Salaries and benefits	9,327	7,966
Telephone	2,679	820
Other	1,345	871
	79,987	79,564
(LOSS) NET INCOME FOR THE YEAR	(1,519)	849
RETAINED INCOME AT BEGINNING OF THE YEAR	20,112	19,263
RETAINED INCOME AT END OF THE YEAR	$ 18,593	$ 20,112

THE MANITOBA BROILER HATCHING EGG COMMISSION
STATEMENT OF CHANGES IN CASH POSITION
FOR THE YEAR ENDED DECEMBER 31, 1988
(with 1987 figures for comparison)

	1988	1987
OPERATING ACTITIVIES:		
(Loss) net income for the year	$ (1,519)	$ 849
Add non-cash item-depreciation	2,173	812
	654	1,661
Change in accounts receivable and prepaid expenses	(2,197)	(2,020)
Change in accounts payable and accrued liabilities	(5,763)	11,138
	(7,306)	10,779
INVESTING ACTIVITIES:		
Purchase of office furniture and equipment	(7,949)	(3,645)
Security deposit for office space	-	(522)
	(7,949)	(4,167)
FINANCING ACTIVITIES:		
Capital lease obligation assumed	10,585	-
Capital lease obligation repayments	(2,188)	(734)
Change in deferred capital lease interest..	(2,502)	
	5,895	(734)
CHANGE FOR THE YEAR	(9,360)	5,878
CASH AT THE BEGINNING OF THE YEAR	19,014	13,136
CASH AT THE END OF THE YEAR	$ 9,654	$ 19,014

( ) denotes use of cash.

THE MANITOBA BROILER HATCHING EGG COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1988

1. ACTIVITIES OF THE COMMISSION:

The Commission was established under the Statutes of Manitoba on April 10, 1985. The Commission is responsible for the admimistration of regulations respecting the marketing of broiler hatching eggs and chicks within Manitoba. The Commission collects administration fees from producers and hatcheries under a method determined and authorized by provincial statute.

The Commission is an agent of The Canadian Broiler Hatching Egg Marketing Agency for purposes of collecting producer levy of that organization.

2. SIGNIFICANT ACCOUNTING POLICIES:

Office furniture and equipment is stated at cost. Depreciation is provided for using the declining balance method at a rate of 20%.

3. MEMBERS' PER DIEM AND TRAVEL EXPENSES:

Members are entitled to remuneration of $100 per diem, chairman $125 per diem, and reimbursement for travel expenses incurred by them in attending meetings on behalf of the Commission. Payments during the year are as follows:

	Per Diem	Expenses
R. Scott	$ 25,406	$ 2,523
B. McLaughlin	950	913
F. Taylor	1,000	-
R. Drohomereski	1,650	626
W. Doerksen	250	883
J. Suderman	1,150	2,438
	$ 30,406	$ 7,383
1987	$ 26,835	$ 8,676

4. CAPITAL LEASE OBLIGATION:

The Commission has entered into a capital lease for certain office equipment. The term of the lease is 37 months from May 1988 at a monthly rate of $273. The Commission has an option to purchase the equipment at the end of the period for $1. The equipment is included at cost in office furniture and equipment. Lease payments are $3,282 in 1989, $3,282 in 1990, and $1,833 in 1991.

5. COMMITMENT:

The Commission has entered into an operating lease for office space at a base rental of $8,974 per annum until January, 1991.